

Message Text

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43

ACTION EUR-12

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 4559

INFO AMEMBASSY COPENHAGEN

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UNCLAS STOCKHOLM 2091

E.O. 11652: NA

TAGS: ELAB, SW

SUBJECT: NATIONAL WAGE AGREEMENT REACHED IN PRIVATE INDUSTRY

REF: STOCKHOLM 1834

1. AFTER SIX MONTHS OF DIFFICULT BARGAINING, LO AND SAF SIGNED 2-YEAR NATIONAL AGREEMENT ON APRIL 26 COVERING 800,000 BLUE-COLLAR WORKERS IN PRIVATE INDUSTRY. WAGE INCREASES ARE AMONG HIGHEST EVER NEGOTIATED. CONTRACT WILL RAISE LABOR COSTS BY 25.3 PERCENT DURING LIFE OF AGREEMENT. EXCLUDING INCREASE OF 7.7 PERCENT FOR EMPLOYERS' SOCIAL SECURITY CONTRIBUTIONS, WORKERS WILL RECEIVE 17.6 PERCENT BOOST IN CASH WAGES; 10.8 PERCENT FOR 1975 AND 6.8 FOR 1976. TO THIS SHOULD BE ADDED ANTICIPATED WAGE DRIFT (I.E., INCREASES GRANTED VOLUNTARILY BY EMPLOYERS ABOVE NEGOTIATED SCALES) OF 6-10 PERCENT FOR TWO YEARS. IF ONE ALSO TAKES INTO ACCOUNT 17 PERCENT REDUCTION IN INCOME TAX PAYMENTS FOR 1975 AND 1976 (STOCKHOLM 1076), AVERAGE WORKER CAN LOOK FORWARD TO AS MUCH AS 40 PERCENT INCREASE IN GROSS WAGES OVER TWO YEAR SPAN. CONTRACT CONTAINED PROVISIONS DESIGNED TO RAISE MINIMUM INDUSTRIAL WAGE GRADUALLY TO SKR. 20 PER HOUR (\$1 EQUALS 4 KRONER).

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2. WAGE REOPENING CLAUSE WAS INCLUDED IN CONTRACT FOR FIRST

TIME. ITS PHRASING WAS ALMOST IDENTICAL WITH ONE USED IN CENTRAL GOVERNMENT AGREEMENT (REFTEL) WHICH PERMITS RENEWED NEGOTIATIONS IN EVENT SIGNIFICANT CHANGES OCCUR IN NATIONAL ECONOMY OR OTHER EMPLOYEE GROUPS RECEIVE SUBSTANTIALLY BETTER SETTLEMENTS. HOWEVER, LO IS PLEDGED NOT TO STRIKE IN SUCH CIRCUMSTANCES. LO'S INSISTENCE UPON CLAUSE DERIVES FROM CONCERN THAT LARGE AND POWERFUL UNION OF CLERICAL AND TECHNICAL EMPLOYEES IN INDUSTRY (SIF), WHICH IS STILL NEGOTIATING INDEPENDENTLY, MIGHT END UP WITH MORE FAVORABLE TERMS.

3. NEGOTIATORS WERE ALSO ABLE EFFECT COMPROMISES ON SPECIAL DEMANDS OF BUILDING WORKERS AND MINE WORKERS WHICH HAD DELAYED FINAL SIGNATURE. WORTHY OF MENTION IS THAT UNDERGROUND MINERS WON RIGHT TO RETIRE AT AGE 60 (INSTEAD OF 65) ON FULL PENSION. IN OTHER TROUBLED AREA, FORESTRY WORKERS UNION CAN NOW BEGIN TALKS WITH EMPLOYER COUNTERPART TO SORT OUT PROBLEMS OF ILLEGALLY STRIKING MEMBERS IN NORTHERN SWEDEN (A-115).

4. AIR OF CELEBRATION THAT USUALLY MARKS END OF LONG, HARD-FOUGHT NEGOTIATIONS WAS NOTABLY ABSENT ON THIS OCCASION. SAF EXECUTIVE DIRECTOR CURT-STEFFAN GIESECKE COMPLAINED BITTERLY ABOUT GOVERNMENT'S MASSIVE INTRUSION INTO NEGOTIATING PROCESS. HE WAS REFERRING, OF COURSE, TO GENEROUS WAGE PACKAGE WON EARLIER BY GOVERNMENT EMPLOYEES WHICH SET PATTERN THAT PRIVATE EMPLOYERS WERE VIRTUALLY COMPELLED TO FOLLOW. VOICING FEAR THAT SWEDISH FIRMS WOULD BE LESS COMPETITIVE IN FOREIGN MARKETS AS A RESULT, HE CLAIMED THAT NEW AGREEMENT WOULD COST INDUSTRY AN ADDITIONAL 18-20 PERCENT IN 1975 ALONE, FAR HIGHER THAN EXPECTED 4 PERCENT RISE IN PRODUCTIVITY. BECAUSE OF ITS INFLATIONARY EFFECT, HE PREDICTED THAT AGREEMENT WOULD BRING WORKERS LITTLE, IF ANYTHING, IN REAL INCOME BENEFITS. NOT BITTER CERTAINLY BUT STILL NOTICEABLY SUBDUED, LO PRESIDENT GUNNAR NILSSON ESTIMATED HIS MEMBERS MIGHT SQUEEZE OUT 3 PERCENT IN REAL WAGE GAINS IN COURSE OF 2 YEAR PERIOD. HE, TOO, EXPRESSED MISGIVINGS ABOUT GOVERNMENT'S KEY ROLE IN NEGOTIATIONS. CONCEDED THAT TAX CUTS HAD FACILITATED TWO SIDES COMING TOGETHER THIS TIME, HE EXPRESSED HOPE THIS ELEMENT WOULD NOT BE INVOLVED AGAIN IN FUTURE. HE ALSO AGREED WITH GIESECKE THAT GOVERNMENT SHOULD NOT GET OUT IN FRONT IN FIXING NEW PAY LEVELS. EVEN PRO-LABOR DAGENS NYHETER DESCRIBED UNCLASSIFIED

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AGREEMENT AS "PROBABLY MOST INFLATIONARY" EVER CONCLUDED IN SWEDEN WHILE CONSERVATIVE SVENSKA DAGBLADET WARNED THAT ANOTHER ONE LIKE IT TWO YEARS FROM NOW WOULD BE DISASTROUS.

5. IN ADDITION TO SIF, NEGOTIATIONS REMAIN UNCOMPLETED FOR BARGAINING CARTEL OF MUNICIPAL AND COUNTY GOVERNMENT WORKERS UNIONS (TCO-K) AND THE UNION OF FOREMEN AND SUPERVISORS (SALF).

STRAUSZ-HUPE

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